

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010-91-C - ORDER NO. 2011-76
JANUARY 26, 2011

IN RE: Petition of Virgin Mobile USA, L.P. for) ORDER APPROVING
Limited Designation as an Eligible) ASSURANCE WIRELESS
Telecommunications Carrier) OF SOUTH CAROLINA,
) LLC AS AN ETC

I. Introduction

This matter, arising under 26 S.C. Code Ann. Regs. 103-690 and 690.1 (2009), 47 U.S.C. § 214(e)(2), and 47 C.F.R. § 54.101, comes before the Public Service Commission of South Carolina ("Commission") on the Application of Virgin Mobile USA, L.P. ("Virgin Mobile") filed with the Commission on March 3, 2010, for Designation as an Eligible Telecommunications Carrier ("ETC"), and the request jointly filed with the Commission on September 10, 2010, by Virgin Mobile and Assurance Wireless of South Carolina, LLC ("Assurance Wireless SC", "Applicant", or "Company"). Virgin Mobile and Assurance Wireless SC have asked the Commission to approve the assignment of the above-captioned ETC Application from Virgin Mobile to Assurance Wireless SC, and then to designate Assurance Wireless SC as an ETC for the limited purpose of offering Lifeline support to its qualifying customers and drawing from the federal Universal Service Fund ("USF") in connection with those services.

II. Background

The proposal to assign the ETC application to Assurance Wireless SC and to designate Assurance Wireless SC as an ETC is the result of negotiations that took place between Virgin Mobile and the South Carolina Office of Regulatory Staff (“ORS”). ORS and Virgin Mobile submitted a Joint Proposal to the Commission on September 10, 2010. The results of those negotiations are described more fully in the letter filed with the Commission on October 18, 2010, and the accompanying verified testimony of Elaine Divelbliss.

The Commission instructed Assurance Wireless SC to provide public notice and opportunity to intervene since the ETC designation would be awarded to a different entity than that which initially applied for ETC designation. Assurance Wireless SC was required to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. Assurance Wireless SC complied with this instruction and provided the Commission with proofs of publication of the Notice of Filing on November 22, 2010. A Petition to Intervene had been previously received from the South Carolina Telephone Coalition (“SCTC”), and the ORS is a party of record pursuant to statute.

A hearing was convened on January 10, 2011, at 11:00 a.m. in the offices of the Commission in Columbia, South Carolina, before B. Randall Dong, Esquire, Hearing Examiner. At the hearing, John J. Pringle, Jr., Esquire, represented Virgin Mobile. C.

Lessie Hammonds, Esquire, represented the ORS. The SCTC did not appear at the hearing. Virgin Mobile presented the supplemental direct testimony of Elaine Divelbliss, and Ms. Divelbliss adopted the direct testimony of Peter Lurie.

Assurance Wireless SC is organized under the laws of the State of Delaware and is registered with the South Carolina Secretary of State to transact business as a foreign limited liability company in the State of South Carolina. Unlike Virgin Mobile, Assurance Wireless SC will not provide wireless telecommunications services to the general population of South Carolina. Rather, it will operate only as an ETC and will offer Lifeline service supported by the federal USF to qualified low-income South Carolina households. Like other wireless carriers (Commercial Mobile Radio Service providers) who are designated ETCs, Assurance Wireless SC will contribute to the South Carolina Universal Service Fund on revenues which it earns from South Carolina customers.

Assurance Wireless SC will provide qualified Lifeline customers with free handsets and 250 free minutes per month of wireless airtime, and allow Lifeline customers to purchase additional minutes of airtime at a per minute rate of \$0.10. Customers can also purchase blocks of additional services each month. Customers can purchase an additional 250 monthly minutes for \$5, providing them with a total of 500 voice minutes in a month (250 free minutes plus 250 additional minutes). Customers can purchase an additional 750 monthly minutes and 1,000 monthly text messages for \$20, providing them with a total of 1,000 voice minutes (250 free minutes plus 750 additional minutes). There is no obligation that customers purchase these additional

offerings or add money to their accounts, and all eligible customers will continue to receive 250 free monthly minutes.¹

Assurance Wireless SC's Lifeline Service plan will include all applicable taxes and fees. The Company will not assess charges for activation or connection of the service. As a result, Lifeline customers will receive free service with no additional charges for taxes or activation. Moreover, Assurance Wireless SC will provide its services in South Carolina subject to all the conditions set out in the Joint Proposal.

III. Requirements for Designation

The purpose of an Eligible Telecommunications Carrier designation is to further the public interest goal of ensuring that consumers in all regions, including those in rural, insular, and high cost areas, have access to telecommunications services comparable to those of urban areas.² An ETC is a common carrier designated by a state commission as eligible to receive federal Universal Service support.³ State commissions derive this authority from 47 U.S.C. § 214(e)(2), and for the purposes of this Docket, the requirements for ETC designation in South Carolina are described under 26 S.C. Code Ann. Regs. 103-690(C)(a) (Supp. 2009), which further elaborates that a carrier seeking designation must offer and advertise the services enumerated under 47 C.F.R. § 54.101.

Specifically, these services are: (1) voice grade access to the public switched telephone network; (2) local usage provided free of charge to end users; (3) dual tone

¹ Consistent with current practice, minutes and text messages do not carry forward from month-to-month. Customers can still purchase individual voice minutes and text messages for \$0.10.

² See 26 S.C. Code Ann. Regs. 103-690(A)(2) (Supp. 2009).

³ See 47 C.F.R. § 54.201.

multi-frequency signaling or its equivalent ("DTMF"); (4) single party service that allows, *inter alia*, a wireless user exclusive use of a dedicated message path for the length of a transmission; (5) access to emergency services, such as 911;⁴ (6) access to operator services for assistance with billing or the completion of a call; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers.

In addition to meeting the above requirements, 26 S.C. Code Ann. Regs. 103-690(C)(a)(1)(C) sets out particular conditions for those carriers only seeking federal USF support for participation in Lifeline programs. To satisfy these conditions, an applicant must:

- (1) Submit a two-year plan that describes the carrier's plans for advertising and outreach programs for identifying, qualifying, and enrolling eligible participants;
- (2) Demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, its ability to reroute traffic around damaged facilities, and its capability of managing traffic spikes resulting from emergency situations;
- (3) Demonstrate that it will satisfy applicable consumer protection and service quality standards;
- (4) Demonstrate that it offers a local usage plan comparable to the one offered by the ILEC in the service areas for which it seeks designation;

⁴ 47 C.F.R. § 54.101(5) describes access to emergency services as "access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code "911," to call emergency services through a Public Service Answering Point (PSAP) operated by the local government. "Enhanced 911" is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party. "Access to emergency services" includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems."

- (5) Certify by affidavit signed by an officer of the company that the carrier acknowledges that the FCC may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area;
- (6) Certify by affidavit signed by an officer of the company that it does offer or will offer the services that are supported by the federal universal service support mechanisms by using its own facilities or a combination of its own facilities and resale of another carrier's services; and
- (7) Certify by affidavit signed by an officer of the company that it does or will advertise in a media of general distribution the availability of such services, including lifeline services and the applicable charges.

The record shows that Assurance Wireless meets both the federal and state requirements listed above.

Still further, the Federal Communications Commission ("FCC") has weighed in on what it considers additional minimum requirements for ETC designation with its order, dated March 17, 2005, in Docket No. 05-46 ("ETC Order"). The FCC encourages states to adopt the requirements of the ETC Order, now codified at 47 C.F.R. § 54.202, but it is not required. Moreover, under 47 C.F.R. § 54.202, these added requirements refer to the designation of ETCs as specified by 47 U.S.C. § 214(e)(6), which only pertains to "common carriers not subject to state commission jurisdiction."⁵ Although we decline to adopt the ETC Order, many of these suggested requirements are included in our own regulations with the limited exception of certain reporting requirements found at 26 S.C. Code Ann. Regs. 103-690.1.

According to R. 103-690.1, ETCs participating in Lifeline programs must provide annual reporting information to the Commission and ORS by June 30 of each year and

⁵ These additional minimum requirements also appear to be oriented towards high cost fund applicants while the Applicant in this Docket is only seeking low-cost support.

meet explicit requirements for administering these programs.⁶ The annual reporting information, specified by R. 103-690.1(B)(b), requires the carrier to submit detailed statistical information about its customers, or potential customers, and make certain certifications about conducting the programs. Additionally, this regulation requires the carrier to submit copies of responses to the Lifeline Verification Survey or Certification filed with the Universal Service Administrative Company on August 31st of each year.

In administering the programs, requirements for Lifeline are specified in R. 103-690.1(E)(a), ETCs shall offer Lifeline to all qualifying low-income residents in the designated service area as follows:

- (1) ETCs shall publicize the availability of the service in a manner reasonably designed to reach those likely to qualify for the service;
- (2) ETCs shall commit to offer toll limitation to all qualifying low-income consumers at the time such consumers subscribe to Lifeline service. If the consumer elects to receive toll limitation service, that service becomes part of that consumer's Lifeline service;
- (3) ETCs may not collect a service deposit in order to initiate Lifeline service if the qualifying low-income consumer voluntarily elects toll limitation service from the carrier where available;
- (4) ETCs shall verify annually that their Lifeline customers meet the program qualification;

⁶ For wireless carriers, the annual report must contain a commitment to comply with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Services. For other ETCs, the annual report must contain a commitment that they meet the service quality standards of R. 103-663.

- (5) ETCs shall notify Lifeline subscribers a minimum of 60 days prior to termination of their service if the carrier has a reasonable basis to believe that the subscriber no longer meets the Lifeline qualifying criteria; and
- (6) ETCs shall not charge Lifeline customers a monthly number portability charge.

IV. Analysis

A. **Service Area**

Assurance Wireless SC requests ETC designation in all the wire centers in South Carolina within its FCC authorized service area where it currently has network coverage. This service area includes the non-rural telephone company wire centers and the rural telephone company wire centers listed in Exhibit 1 to the Direct Testimony of Peter Lurie as adopted by Ms. Divelbliss at the hearing. No party opposes Assurance Wireless SC's service area designation.

Since Assurance Wireless SC seeks designation only in its FCC authorized service area in the enumerated wire centers, it is necessarily requesting designation below the study level area of several rural telephone companies. Accordingly, Assurance Wireless SC recognizes that the Commission may engage in a cream skimming analysis as contemplated under R. 103-690(C)(b) (2009). Notwithstanding the provisions of this regulation, Assurance Wireless SC submits that a cream skimming analysis is unnecessary, given that the Application seeks ETC designation solely for the purposes of obtaining low-income support from the federal USF. As Lifeline support is designed to reduce the monthly cost of acquiring telecommunications service (Lifeline) to qualified

low-income customers, little likelihood exists that the designation will allow Assurance Wireless SC to cream skim low-cost areas to the exclusion of high-cost areas.

The FCC declined to perform a cream skimming analysis when Virgin Mobile sought ETC designation for Lifeline support only.⁷ This is consistent with the underlying purpose of the "cream-skimming" analysis, which is designed to alleviate concerns that, if a competitive ETC were to seek to serve a disproportionate share of high-density wire centers in a rural incumbent local exchange carrier's ("ILEC") service area, it would receive more support than the ILEC's average cost to serve the entire service area, thus obtaining a windfall while harming the incumbent provider.⁸ In light of this rationale, the FCC has long-since declined to employ a cream-skimming analysis where unnecessary.⁹ As a result, Assurance Wireless SC requests a waiver of the cream skimming analysis.

B. Required Service Offerings

Assurance Wireless SC asserts that it is capable of offering the required services under R. 103-690(C)(a) and 47 C.F.R. § 54.101 as follows:

- (1) Voice grade access to the public switched telephone network ("PSTN").

⁷ See *In the Matter of Virgin Mobile USA, L.P. Petition for Forbearance from 47 U.S.C. § 214(e)(1)(A)*, CC Docket No. 96-45, Order 09-18, ¶ 39 n. 101 (March 5, 2009) (explaining that "we need not perform a cream skimming analysis because Virgin Mobile is seeking eligibility for Lifeline support only").

⁸ *In the Matter of Federal-State Joint Board of Universal Service*, Report and Order, 20 FCC Rcd 6371, CC Docket No. 96-45, Order 05-46, ¶ 49 (March 17, 2005).

⁹ *ETC Requirements Order*, at ¶ 52 (finding that cream-skimming is a concern in rural areas but that the analysis is "unnecessary" in non-rural service areas because of the different cost model); *Virgin Mobile Order*, at ¶ 39 n. 101; see also *id.* At ¶ 11 n. 40 (further recognizing the lack of a rural versus non-rural distinction for a Lifeline-only applicant because low-income and high-cost support are fundamentally different).

Assurance Wireless SC will provide voice grade access to the public switched telephone network (“PSTN”) and offers its customers services at bandwidth rates between 300 and 3,000 MHz as required by the FCC’s regulations.¹⁰

(2) Local usage. As part of the voice grade access to the PSTN, an ETC must provide local calling services to its customers. FCC and the Commission regulations do not require ETCs to offer a specific amount of local usage or mandate that ETCs provide a minimum number of free local calls or minutes. Instead, an applicant for ETC designation must demonstrate that it offers a local usage plan that is “comparable” to the plan offered by the ILEC in the relevant service territory.¹¹ In analyzing whether an ETC applicant’s plan is comparable to the underlying ILEC’s, the FCC reviews all aspects of the plan on a case-by-case basis, including the nature of the supported service, the size of the local calling area, the inclusion of additional services (e.g., caller I.D., etc.) and the amount of local usage.¹² The FCC has determined that a carrier satisfies the local usage requirements when it offers customers rate plans containing varying amounts of local usage.¹³

The Company’s proposed Lifeline offering complies with the local usage requirements established by the FCC and the Commission. Assurance Wireless SC will offer customers a certain amount of service free of charge. Assurance Wireless SC will

¹⁰ See 47 U.S.C. § 54.101(a)(1).

¹¹ 47 C.F.R. § 54.202(a)(4) and S.C. Reg. § 103-690.C(a)(1)(C)(4).

¹² See *Federal-State Joint Board on Universal Service*, Report and Order, 20 FCC Rcd 6371, 6385 (2005).

¹³ See e.g., *Farmers Cellular, Inc.*, 18 FCC Rcd 3848, 3852 (2003); *Pine Belt Cellular, Inc. and Pine Belt PCS, Inc.*, 17 FCC Rcd 9589, 9593 (2002); *Western Wireless Corp., Petition for Designation as an Eligible Telecommunications Carrier in the State of Wyoming*, 16 FCC Rcd 48, 52 (2000).

provide all Lifeline customers with 250 anytime minutes per month at no charge. Assurance Wireless SC customers can use these free minutes to place calls statewide (or even nationwide), because Assurance Wireless SC does not constrict customers' use by imposing a local calling area requirement. In addition to free voice services, Assurance Wireless SC will provide Lifeline customers with access to a variety of other features at no cost, including voice mail, caller I.D., call waiting services and enhanced 911 ("E911") capabilities. Assurance Wireless SC's Lifeline service will provide low-income South Carolina residents with the convenience and security offered by wireless services without interruption—even if their financial position deteriorates.

(3) Dual tone multi-frequency signaling or equivalent ("DTMF"). Assurance Wireless SC provides dual tone multi-frequency ("DTMF") signaling to expedite the transmission of call set up and call detail information throughout its network. All wireless handsets offered for sale or provided by the Company are DTMF-capable.

(4) Single-party service or equivalent. "Single-party service" means that only one party will be served by a subscriber loop or access line during a telephone transmission. Assurance Wireless SC provides the functional equivalent of single-party service to its wireless customers for the duration of each telephone call, and does not provide multi-party (or "party-line") services.

(5) Access to emergency services. Assurance Wireless SC will provide nationwide access to 911 emergency services for all of its customers. Assurance Wireless SC will also comply with the FCC's regulations governing the deployment and availability of E911 compatible handsets.

(6) Access to operator services. Assurance Wireless SC will provide all of its customers with access to operator services.

(7) Access to interexchange service. The Company's service will provide its customers with the ability to make interexchange, or long distance, telephone calls. Domestic long distance capabilities are included in the Company's service with no additional charges because minutes for local and domestic long distance services are not billed separately at different rates.

(8) Access to directory assistance. All Assurance Wireless SC customers will be able to dial "411" to reach directory assistance services from their wireless handsets.

(9) Toll limitation for qualifying low-income consumers. Toll limitation allows customers to either block the completion of outgoing long distance calls or specify a certain amount of toll usage to prevent them from incurring significant long distance charges and risking disconnection. Assurance Wireless SC will provide its wireless service on a prepaid, or pay-as-you-go, basis. The Company's service, moreover, is not offered on a distance-sensitive basis and minutes are not charged separately for local or domestic long distance services. Customers also must specifically authorize access for international services, for which additional charges may apply. The FCC determined in its previous grant of ETC designation that the nature of Virgin Mobile's service mitigates concerns that low-income customers will incur significant charges for long distance calls, risking disconnection of their service.

C. Designations Sought and Services Offered Under 26 S.C. Code Ann. Regs. 103-690

Assurance Wireless SC seeks ETC designation only for the purpose of participating in the low-income support component of the federal USF (the Lifeline program) in its FCC authorized service area and does not seek designation for the purpose of receiving high cost support from the federal USF. As an ETC, Assurance Wireless SC will offer a universal service package to customers who are eligible for Lifeline support and will use federal USF support funds only for that purpose. This service offering will be competitive with those of ILECs serving the requested area and afford eligible South Carolinians in the affected service area a choice in their Lifeline service.

With respect to this service offering, to meet the requirements of R. 103-690(C)(a)(1)(A) Assurance Wireless SC commits to provide service throughout the proposed designation area to all qualifying customers making a reasonable request for service.

(1) Two Year Plan:

The Company's two year plan, described in the Company's prefiled testimony and at the hearing, meets the requirements of R. 103-690(C)(a)(1)(C)(1) by describing its plans for advertising and outreach programs for identifying, qualifying, and enrolling eligible participants in the Lifeline programs. Assurance Wireless SC will advertise its Lifeline services using a variety of media in conformance with the regulations of the Commission and the FCC.

In the states where it currently provides Lifeline services, Virgin Mobile advertises the services through television, brochures, in-person events, posters, direct mail, newspapers and the Internet. Virgin Mobile promotes its Lifeline services with social service agencies. Virgin Mobile also markets Lifeline services through partnerships with not-for-profit organizations. In addition, the Company will market Lifeline services to some of its existing customers through email and text message campaigns. These marketing efforts have been highly successful in reaching eligible low-income customers and promoting the availability of Lifeline services. If certified as an ETC doing business in South Carolina, Assurance Wireless SC, a wholly-owned subsidiary of Virgin Mobile and assignee of this application for ETC designation, will market its services in a similar manner.

(2) Ability to Remain Functional During Emergencies:

Assurance Wireless SC, as a wholly owned, indirect subsidiary of Sprint, is able to remain functional in emergency situations as required by the requirements of the FCC and Commission R. 103-690(C)(a)(1)(C)(2). Sprint has established a variety of internal programs, policies, and teams dedicated to analyzing, assessing, and responding to emergency situations. Sprint's network is monitored 24 hours a day, 7 days a week, 365 days a year by its network monitoring centers. Local switching offices staffed by trained technicians and management coordinate with these larger operation centers, to ensure that Sprint's networks are properly maintained and network performance is at expected levels. In addition, the company has reasonable amounts of back-up power to ensure functionality without an external power source, and has implemented reasonable

practices to reroute traffic around damaged facilities and manage traffic spikes resulting from emergency situations. These practices significantly reduce the chance that emergencies, fiber cuts or equipment failure will result in a loss of service.

(3) Consumer Protection and Service Quality Commitment:

Complying with R. 103-690(C)(a)(1)(C)(3), Assurance Wireless SC commits to comply with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service.

(4) Local Usage Plan:

The Company's local usage plan meets the requirements of R. 103-690(C)(a)(1)(C)(4). As stated above, Assurance Wireless SC will provide a certain amount of service free of charge, will not impose a local call area, and will offer its Lifeline customers a variety of other features at no cost.

(5) Equal Access Obligation:

Complying with R. 103-690(C)(a)(1)(C)(5), the Company submitted an affidavit, attached as Exhibit 1 to the Application, which acknowledges that the FCC may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications designation is sought.

(6) Facilities:

Complying with R. 103-690(C)(a)(1)(C)(6), the Company submitted an affidavit, attached as Exhibit 1 to the Application, which acknowledges that it offers services that are supported by the federal USF low-income support mechanisms using its own facilities or a combination of its own facilities and resale of another carrier's services.

(7) Advertisement of Services:

Complying with R. 103-690(C)(a)(1)(C)(7), the Company submitted an affidavit, attached as Exhibit 1 to the Application, which acknowledges that it will advertise through media of general distribution the availability of, and applicable charges for, the services supported by the USF low-income support mechanism.

D. Voluntary Commitments Pursuant to FCC ETC Designation Orders

In a recent ETC designation order, the FCC has found that the public interest requires that Virgin Mobile comply with specific conditions, including fulfillment of certain voluntary commitments, designed to promote public safety among Lifeline customers and safeguard against waste, fraud, and abuse in the Lifeline program. To guard against waste in the Lifeline program, Virgin Mobile has also voluntarily committed to implementing a non-usage policy in all states where it provides Lifeline service. Virgin Mobile's non-usage policy would require Virgin Mobile to identify customers that have not used its Lifeline service for 60 days and not seek support for such customers if they do not actively use the Lifeline service during a 30-day grace period. As the wholly-owned subsidiary of Virgin Mobile and assignee of this application for ETC designation in South Carolina, Assurance Wireless SC likewise promises to comply with these commitments within 30 days of the effective date of this Order.

E. ETC Designation is in the Public Interest

Low-income support from the federal USF to provide Lifeline services is designed to reduce the monthly cost and increase the availability of telecommunications services for eligible consumers. This cost reduction is distributed on a household basis

and directly affects the price that an eligible customer pays. Through the record of this Docket, Assurance Wireless SC has shown that all federal USF support received by the Company will be used to provide Lifeline services to consumers, thus promoting the availability and affordability of telephone service to low-income users.

In the Commission's view, the designation of Assurance Wireless SC as an ETC will increase customer choice for low-income consumers eligible for Lifeline support in the areas requested. Customers who can obtain these telecommunications services will likely benefit from additional rate plan options and increased access to emergency services.

Therefore, subject to the commitments and conditions discussed in this Order, the Commission concludes that Assurance Wireless SC has shown that its designation as an additional ETC is in the public interest for its proposed ETC designated area.

Based upon the foregoing and the record established in this proceeding, we find and order the following:

1. Assurance Wireless SC has met all applicable requirements for designation as an Eligible Telecommunications Carrier for the limited purpose of providing Lifeline service to low-income South Carolina households, including those requirements codified at 47 U.S.C. § 214(e).
2. Assurance Wireless SC is designated as an ETC, as of the effective date of this order, in the requested areas.
3. Since Assurance Wireless SC seeks only pass-through support for low-income customers, a cream-skimming analysis is unnecessary in this Docket.

4. Designation of Assurance Wireless SC as an Eligible Telecommunications Carrier will serve the public interest.

5. Assurance Wireless SC will provide all required universal service functionalities set forth in the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission and the Commission.

6. All federal USF funding received as a result of this Order will be used for Lifeline support and will be flowed through for the direct benefit of eligible low-income customers.

7. The Joint Proposal filed with the Commission on September 10, 2010, and attached hereto as Appendix One, is accepted into the record, adopted and incorporated into and part of this Order by reference and, based upon the testimony and exhibits in the record, is found to be in the public interest and constitutes a reasonable resolution of this proceeding.

8. Assurance Wireless SC shall meet the reporting and certification requirements for ETCs as outlined by 26 S.C. Code Ann. Regs.103-690.1 and file the annual reporting information with the Commission no later than June 30th of each year. A copy of this report shall be provided to ORS.

9. Assurance Wireless SC shall submit to the Commission copies of responses to the Lifeline Verification Survey or Certification filed with the Universal Service Administrative Company on August 31st of each year.

10. Assurance Wireless SC shall administer the Lifeline program in conformity with 26 S.C. Code Ann. Regs.103-690.1 (E)(a) and (b).

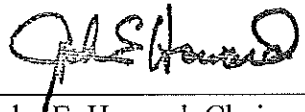
11. Assurance Wireless SC will comply with any applicable 911 and E911 obligations, including obligations relating to the provision and support of 911 and E911 services.

12. Should the Commission determine that Assurance Wireless SC has not honored its commitments and plans as set forth before the Commission, or has failed to follow the applicable statutes, rules, or regulations, the Commission may deny the Company's annual recertification as an ETC.

13. Assurance Wireless SC shall comply with all Commission orders, rules and regulations and laws of the State of South Carolina.

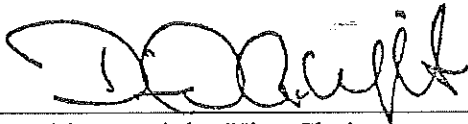
14. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)

PROPOSAL

Virgin Mobile USA, L.P. ("Virgin Mobile" or the "Company") has applied to the South Carolina Public Service Commission ("PSC" or "Commission") for designation as an Eligible Telecommunications Carrier ("ETC") for the limited purpose of providing Lifeline services to low-income South Carolina households. If designated as an ETC, Virgin Mobile would use support from the federal Universal Service Fund ("Federal USF") only for purposes of providing its "Assurance Wireless Brought to You by Virgin Mobile" Lifeline offering, which consists of a free wireless handsets and 200 free minutes of wireless airtime each month. Virgin Mobile would not seek, and would not accept, support from the Federal USF high-cost fund or the South Carolina Universal Service Fund ("State USF").

Background. Under prior Commission decisions, commercial mobile radio service providers (wireless carriers) are not required to contribute to the State USF. However, the Commission has established a limited exception to this exemption for a wireless carrier that has been designated as a Carrier of Last Resort or as an ETC by the Commission. In this situation, the Commission deems any such carrier to be indicating its intent to compete with wireline local exchange carriers and thus requires it to contribute to the State USF. Where one company owns both a carrier that has been designated as an ETC (and therefore subject to State USF contribution obligations) and a non-ETC wireless carrier not subject to State USF contribution obligations, the Commission only requires the ETC entity to contribute to the State USF based on its South Carolina intrastate and interstate revenues. The commonly-owned, non-ETC wireless carrier is not required to contribute. For example, AT&T Communications owns both BellSouth, an ETC, and AT&T Mobility, a major provider of wireless service in South Carolina, but not an ETC. AT&T/BellSouth, the incumbent local exchange carrier, is required to contribute to the State USF on its South Carolina retail end user telecommunications service revenues. However, AT&T Mobility, AT&T's wireless provider, is not currently required to contribute to the State USF.

Proposal. Virgin Mobile has established a separate and distinct corporate affiliate named Assurance Wireless of South Carolina, LLC ("Assurance Wireless SC"). Virgin Mobile will file in the current ETC docket (Docket No. 2010-91-C) an amendment to its pending ETC application assigning that application to Assurance Wireless SC, which will adopt the application in all respects. Simultaneously, the Company will file an executed version of this agreement with the Commission. It will also file verified testimony, which describes the transaction and Assurance Wireless SC. The Commission will then issue a notice inviting comment on the proposed assignment of the ETC application to Assurance Wireless SC and on the agreement. If no comments are received within the notice period, the Company may request the Commission to act on the amended application without holding a hearing. Assurance Wireless SC's only business activity will be to provide Lifeline services to qualified low-income South Carolina households. Like other wireless ETCs, Assurance Wireless SC will be required to contribute to the State USF on revenues earned from South Carolina consumers. Like other wireless carriers operating in South Carolina, Virgin Mobile will not be required to contribute to the State USF. Assurance Wireless SC will not be entitled to receive support from the State USF and will be subject to all South Carolina laws, regulations and policies governing ETCs in general and the provision of Lifeline service in particular.

Lifeline customers of Assurance Wireless SC will receive a free wireless handset and 200 minutes of free airtime every 30 days. In addition, Lifeline customers will be allowed to purchase additional minutes of wireless airtime at a rate not to exceed \$0.10 per minute.

ORS will support the application of Assurance Wireless SC for designation as a Lifeline-only ETC, (including its request that the Commission waive that portion of Commission Regulation 103-690 requiring a "cream-skimming" analysis), and will recommend to the Commission that Assurance Wireless SC's application for ETC designation be approved subject to the following conditions:

1. Assurance Wireless SC agrees to offer Lifeline services consistent with the rates, terms, and conditions contained in its rate schedules and website and will publish the availability and the pricing of these same offerings on its website.
2. Assurance Wireless SC agrees to only seek direct low-income support from the Federal USF for those lines provided through the use of its own network. Until modified by the Commission, Assurance Wireless SC agrees to utilize TANF, Food Stamps, and Medicaid as the qualifying criteria for the Lifeline program throughout the company's ETC designated area.
3. Assurance Wireless SC agrees to provide Lifeline customers a company-funded monthly \$3.50 credit in order that the federal matching monies can be maximized. This will yield a total Lifeline credit of \$13.50 per month, which is consistent with the state and federal credits offered in South Carolina.
4. Assurance Wireless SC agrees to offer Lifeline customers additional minutes, should the customer exceed their chosen monthly plan, at a rate not to exceed \$0.10 per airtime minute.
5. Assurance Wireless SC agrees to make number portability available to all incoming and outgoing customers.
6. Assurance Wireless SC agrees that it will abide by all advertising, reporting and verification requirements established by the FCC and the Commission for Lifeline services.
7. Should Assurance Wireless SC seek designation as an ETC for high-cost support, Assurance Wireless SC will file an additional and separate application with the Commission that addresses all applicable state and federal laws, rules and regulations, including, but not limited to, an appropriate build-out plan that includes the use of its own facilities to provide services to unserved and underserved areas and a cream skimming analysis in the rural areas where the Company provides service below the study areas level.
8. Assurance Wireless SC agrees that it will not seek reimbursement from the Federal USF for resold services where the company receives the Lifeline services through an underlying carrier.

9. Virgin Mobile agrees to file with the ORS a certified true copy of its Form 497 filed quarterly with USAC, including revisions thereto, no later than 5 calendar days after the Form or revision is filed with USAC.
10. If Assurance Wireless SC provides roaming services, the Company will suspend any roaming charges for its South Carolina Lifeline customers.
11. Assurance Wireless SC agrees to implement a program for initial certification and annual verification that ensures that only one eligible Lifeline customer per residential address receives Lifeline services.
12. Assurance Wireless SC agrees to provide E911 compliant handsets to new Lifeline customers and replace any non-compliant handsets for its existing customers who are approved as Lifeline customers at no charge.
13. Assurance Wireless SC agrees to submit a quarterly report to ORS demonstrating the number of Lifeline customers who have been deactivated by Assurance Wireless SC during the prior quarter due to: (1) non-payment on their customer account during two consecutive 30-day periods; (2) failure to pass the annual verification requirement; or (3) voluntary deactivation by the customer.
14. Assurance Wireless SC shall comply with all applicable state and federal laws, rules, and regulations regarding ETC designation and reporting requirements. More specifically, Assurance Wireless SC agrees to abide by the Commission regulations regarding designation of an ETC found in S.C. Code Regulation 103-690.
15. Assurance Wireless SC agrees to comply with all South Carolina laws pertaining to wireless carriers operating within the State of South Carolina.